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On the Cover

The Red Cross Gray Lady and the hospitalized soldier hang a wreath to spread Christmas cheer at Walter Reed Hospital.

Christmas brings renewed hope for "peace on earth, good will toward men." May we enter the Yuletide with the fervent prayer that a spirit of good will may abide in the hearts of all men everywhere.

American Finance Conference

W. B. McGregor of the New Hampshire Finance Corporation, Manchester, New Hampshire, was elected president of the American Finance Conference at the conclusion of its meeting in Chicago, November 16, 1949. He succeeds Ralph R. Kriesel of St. Paul, Minnesota. Mr. McGregor had been a vice president during the past year. He is also a member of the National Consumer Finance Association.

Two new vice presidents were elected. They are R. Earl O'Keefe, president of the Southwestern Investment Company, Amarillo, Texas, and J. B. Roulston, president of the Maryland Credit Finance Corporation, Easton, Maryland.

Thomas W. Rogers of Chicago was re-elected executive vice president, and J. W. R. Tennant of Chicago was re-named secretary-treasurer.

The annual meeting of the American Finance Conference on November 15 and 16 was unusually successful. It was attended by representatives of automobile finance companies and sales finance companies from all over the United States. Their theme was "For a Thrifty Fifty" in sales financing, in automobile distribution and in business management. Outside speakers were M. Robert Deo, managing director, National Automobile Dealers Association; Dr. Howard R. Bowen, dean of the College of Commerce and Business Administration, University of Illinois, and J. Howard McGrath, Attorney General of the United States. Thomas W. Rogers, executive vice president, reviewed developments in the field of sales financing during the past year. Convention panels covered the subjects of insurance, customer credits and collections, local finance company operations, and management problems. Bank relations were discussed by Elmer E. Schmus, vice president, First National Bank of Chicago.

A further report of the conference and excerpts from addresses will appear in our next issue.

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Wage and Hour Law Amended

By JOSEPH E. NEWTON

New Regulations on White Collar Workers Expected Shortly

Mr. Newton is a member of the Chicago Bar and attorney for Local Loan Company of Chicago.

On October 26, 1949, the President of the United States signed the amendments to the Wage and Hour Law. The new law will become effective on January 25, 1950. Among the most important changes are the following:

1. The minimum wage rate is raised from 40¢ to 75¢ per hour.

2. Basic changes are made in the retail and service establishment exemption. While attorneys for the industry are studying these changes, it is not believed at the present time that they will have any effect insofar as removing the small loan industry from the provisions of the law.

3. Guaranteed wage plans for irregular employment, such as the Belo plans, have been approved but they are limited to 60 hours per week. This means that after 60 hours the employees must start to receive overtime pay in spite of the so-called Belo contract. Fluctuating work-week plans which are valid under the old law, remain unaffected by the new law.

4. The Wage and Hour Administrator may institute a suit for back wages (but not for liquidated damages) providing the employee authorizes the suit and the issue as to coverage has already been settled. Back pay orders may not be issued in an injunction suit brought by the Wage and Hour Administrator.

5. A compromise with an employee entered into under the supervision of the Administrator constitutes a bar to an employee's claim for additional compensation.

6. The new law enumerates the types of payments which may be excluded in the computation of overtime and the "regular rate of pay." Some of these are:

(a) Payments in the nature of gifts

made at Christmas time as a reward for service.

(b) Sums paid in recognition of services performed during a given period if both the fact that payment is to be made and the amount of the payments are determined at the sole discretion of the employer at or near the end of the period and not in accordance with any prior contract, agreement, or promise which might lead the employee to expect such payments regularly.

(c) Payments made to a profit sharing plan, thrift or savings plan provided the plan meets the qualifications and regulations to be issued by the Wage-Hour Administrator.

7. A two-year Statute of Limitations is fixed for the filing of claims under the law.

New Regulations on White Collar Workers

Your attention is also called to the proposed new salary requirements for the exemption of Executive, Administrative and Professional employees. As to Executives, the proposal is to boost the minimum salary from \$35.00 to \$55.00 per week. As to Administrative and Professional employees the proposal is to boost the minimum salary from approximately \$50.00 to \$75.00 per week. There are other changes in the definitions and each lender should, therefore, study the proposals so that he may apply them to his own operations. These proposals will probably become effective in the very near future. They are not a part of the new law but will be promulgated by the Administrator under his rule-making power.

Your Association continues to recommend that all members comply with the Wage and Hour controls in the law, but at the same time deny coverage under the law. There appears to be nothing in the new law that alters these recommendations.

36th National Convention

National Consumer Finance Association

Edgewater Beach Hotel • Chicago

September 21 - 22 - 23, 1950

CONSUMER FINANCE NEWS

Food for Thought

Culled from Here and There

George Washington—"Allow me, moreover, to hope that it will be a favorite policy with you not merely to secure a payment of the interest of the debt funded but as far and as fast as the growing resources of the country will permit, to exonerate it of the principal itself."

Thomas Jefferson—"A wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement and shall not take from the mouth of labor the bread it has earned. This is the sum of good government."

Martin Van Buren—"Its (the general government's) duty towards them is well performed when it refrains from legislating for their special benefit because such legislation would violate the spirit of the constitution and be unjust to other interests."

William Henry Harrison—"But there is an undercurrent at work by which, if not seasonably checked, the worst apprehensions of our anti-federal patriots will be realized and not only will the state authorities be overshadowed by the great increase of power in the executive department of the general government, but the character of that government if not its designation be essentially and radically changed."

James Buchanan—"It would be a ruinous practise in the days of peace and prosperity to go on increasing the national debt to meet the ordinary expenses of government."

Abraham Lincoln—"The provident, penniless beginner in the world labors for wages awhile, saves a surplus with which to buy tools or land for himself, then labors on his own account another while and at length hires another new beginner to help him. This is the just and generous and prosperous system which opens the way to all, gives hope to all and consequent energy and progress and improvement of condition to all."

James A. Garfield—"It is the high privilege and sacred duty of those now living to educate their successors and fit them by intelligence and virtue for the inheritance which awaits them."

Grover Cleveland—"The lessons of paternalism ought to be unlearned and the better lesson taught that while the people should patriotically and cheerfully support their government, its functions do not include the support of the people."

Theodore Roosevelt—"We need to remember that any kind of class animosity in the political world is if possible even more wicked, even more destructive to national welfare than sectional, race or religious animosity."

Woodrow Wilson—"We are to beware of all men who would turn the tasks and necessities of the nation to their own private profit or use them for the building up of private power; beware that no faction or disloyal intrigue break the harmony or embarrass the spirit of our people; beware that our government be kept pure and incorrupt in all its parts."

Calvin Coolidge—"While we can look with a great deal of pleasure upon what we have done abroad, we must remember that our continued success in that direction depends upon what we do at home."

Franklin D. Roosevelt—"Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuance of that habit means the poorhouse."

Harry S. Truman—"Labor is the best customer management has; and management is the source of labor's livelihood. Both are wholly dependent on both of them."

Personal incomes such as we know in the United States will never be attained in Europe until its countries achieve mass production, institute instalment financing on a broad scale and make possible the widespread purchase of goods and services through mass lending to their people, David B. Lichtenstein, St. Louis, executive vice president of the American Investment Company of Illinois, told members of the Indiana Association of Installment Companies, Inc., in an address before their annual convention on November 11.

Drawing comparisons from the European situation in his address on "Executive Operating Guidance," Mr. Lichtenstein stated that "Europe has circumscribed itself by consumer finance laws that are unworkable. I believe that our United States' advisors to Europe," he continued, "should stress this fact to our European neighbors."

He urged the importance of sound policies in the instalment loan business "which limit the amount of credit extended to individuals."

MEETING SCHEDULE

COLORADO

Broadmoor Hotel, Colorado Springs, March 31 and April 1, 1950

FLORIDA

Jacksonville, March 9-10, 1950

ILLINOIS

Mount Vernon, January, 1950

IOWA

Hotel Russell-Lamson, Waterloo, May 11-12, 1950

KENTUCKY

Paducah, May 16-17, 1950

LOUISIANA

February 4, 1950

MICHIGAN

Belvedere Hotel, Charlevoix, June 29-30, 1950

Statler Hotel, Detroit, October 24-26, 1950

NEW HAMPSHIRE

January 11, 1950

WEST VIRGINIA

January 11-12, 1950

Address of Welcome

The Honorable GOODWIN J. KNIGHT

Mr. Knight is Lieutenant-Governor of the State of California. Excerpts from his welcoming address to the 35th Convention of the Association are printed in this article.

Permit me to now utter the traditional words of welcome and say to you, "We are happy to have you in California."

We hope that the members of your profession and of your business, and of your industry—because you combine all three—we hope that your members join with me and those who have spoken about present economic conditions in the United States within the last six weeks, and I refer to General Dwight Eisenhower, Mr. Herbert Hoover, former Secretary of State James Byrnes, James Bryant Conant of Harvard University and Robert G. Sprout of the University of California, all of whom have, within the past four or five weeks, condemned the welfare state and praised the hopes and ambitions and the outlook for the opportunity state. We feel that this issue is not one of partisan politics, although, of course, it crosses the line from time to time into the sphere of politics, but we feel that we should meet this problem head on and state to you, and that you should state to us, and we should all understand each other that we have no interest in and we do not believe that we can prosper and develop and grow under the protective wing of the so-called welfare state.

We prefer to think of our future and economics and in government as not leaning over to the rigor mortis of the right, but being sure we are not developing any of the St. Vitus's dance of the left, and I assure you that we have reasons for the things we are thinking about and they should deeply and earnestly touch your work, because you are the people who provide the life blood of all these payrolls that we hope to develop and continue.

You are the people who provide for the things which we call profits and I want to speak to you just a moment about profits if I may. I do not look at life nor business through the eyes of a professional bureaucrat or a professional politician and I say to you that I believe in profits; p-r-o-f-i-t-s, and I want to be frank about it and tell you that I believe in the capitalistic system, and I don't believe it is good business or even intelligent, to try to disguise the word "capitalism" under some fancy words. I believe in capital-



Mr. Knight addressing the Convention

ism, because I know that capitalism means the ownership of private profits. I believe in profits—your kind of profits—made as a result of effort and of thrift and of industry and the paying of premiums for better work done which produces better things for the community in which we all live.

Let me give you briefly a small example of what I mean about profits. Most of you here are young old-timers. I think you are—I will test it in just a minute.

There was an automobile produced in this country quite some years ago which was advertised as for sale in any color you wanted so long as the color was black. It was an automobile which had its lights run off the magneto, and when you went through a ditch or slowed the motor down perceptibly, the lights practically went out, but when you speeded up on the highway they became bright again.

For a long time that automobile continued to be marketed. There was a period of years when the maker of that automobile felt it was not necessary to advertise the car, except to say it was the universal car. Do not misunderstand me at this point. I am not indulging in an attack on anybody, but the time came when a young man, named Walter Chrysler, tinkering and planning and hoping to build a new and better automobile, did so, and the new Chrysler, and also the new and better Chevrolet, came along and competed with the Model "T" in such a manner that Henry Ford, in about 1925, had to give up, and then

he started to plan a new automobile and he had \$100 million at least which he had saved up as a result of profits, actual earned profits that Henry Ford had, and perhaps there were more, but at least \$100 million and he spent that for new jigs and dies and great new machinery which developed and resulted in the Model "A," which is the grandpa of the present hot rod today.

He was forced to come out with the Model "A" in 1927, because of the newer developments and the new aggressive competition of the Chrysler and the General Motors products and what was the result of all this thinking I have described to you? The result was a finer automobile at lower cost and at lower expense for all of the people in this country and throughout the world. It would not have been possible except for the accumulation of earned profits. Those profits were not wasted. Henry Ford did not accumulate those millions for the purpose of self-indulgence or in the foolish extravagance of a wild, hair-brained development. He didn't dole it out to a lot of phony foundations, founded for the purpose of destroying the profits of free industry of the United States as some millionaires have done.

On the contrary, he devoted the millions for the best good of all the people and he did those things in competition with his other colleagues in the industry and they continued to compete and redevelop until that whole system and that whole method has resulted in America producing finer goods at lower costs.

You and your colleagues and your association and your industry have worked right along with them, decade after decade, to provide that these people may have these automobiles as they work, and as they live, through the 18 and 24 months period and it has proved to be beneficial to all.

Your work in your home towns proves that you have provided the tools for the building of these greater mechanical inventions and that in turn has brought happiness and recreation and enjoyment and better living to millions and millions of people here in the United States.

So you and I, as we meet this morning in this convention, make no apologies for the fact that we believe in making profits, because profits make for better living, and better business, and better business means a better world.

This isn't just another convention

(Continued on Page 16)

Current Trends in Our Economy

Dr. RUFUS B. VON KLEINSMID

Dr. Von KleinSmid is Chancellor of the University of Southern California. Excerpts from his address at the 35th Convention of the Association are printed in this article.

I consider it a high privilege to be present this morning and to speak briefly to you. I like to think of California as the Land of Opportunity. It is still the Land of Opportunity, but it is only 14th, so far as the number of states is concerned, for America is still the Land of Opportunity.

The force of this convention is indicated by the keynote speech, for there is no apology in that. I heard not one creaking note. I heard very little of historic achievement: I heard a suggestion that good work well done is rewarded by more good work to do, but I didn't hear anything about the discouragement of the times, this day and age, the age of confusion and chaos and catastrophe, and so I am glad to join in that note.

Our good President has said, "The only source of sustained profits is sustained employment and sustained purchasing power." He is dead wrong. If that be treason, make the most of it. The reverse is true. The only source of sustained employment and sustained purchasing power is sustained profits, which is an entirely different thing. Profits, after all, are the loadstone in the business field, in a free land. Not that President Truman has thought seriously about it or would take issue with me, but there is in each department of the government a philosophy of fear—they constitute an ilk—they are a brotherhood. I conceive them to hold their meetings in the dark of the moon at midnight, the results of which are unknown to anybody except themselves, that coterie of men who live within the philosophy of fear and see the tomorrows only through the smoked glasses which they wear in contemplating what must happen if their own philosophies do not become the plan and pattern of governmental procedure.

I say the only source of sustained employment and sustained purchasing power is sustained profits. I was happy to hear Lieutenant-Governor Knight emphasize that point.

Of course, history tells us that the reason which furnished the impulse in response to which our forefathers came to this country, settling upon the stern and rock-bound coast, crossing the forests of Pennsylvania, down into the Ohio Valley and up into the region



Dr. Von KleinSmid addressing the Convention

of the Great Lakes and across the great plains, through the mountains, and over the Great American Desert—history would have us believe it was an emotional, a spiritualism. Well, of course, anything that is worth harboring into the intellect is worth harboring in the soul, and it requires a great deal of an emotion to stir up and bring about a performance such as that, but as they worked, they worked for profit and for the glory of this great nation of ours. In 170 years, minus, it has become the outstanding example for all political units, has been that one place where free men were privileged to do what they wanted to do in order to better their positions and the positions of those dependent upon them.

Now, you cannot have two distinct and opposing economic principles, one for prices and one the direct opposite, for wages, and we are confronted this day with those two and opposing plans of economy. The government says that excessive prices reduce sales, but refuses to see for the same reason that excessive wage rates create unemployment. May I repeat that. I feel that the government refuses to acknowledge that excessive prices may reduce sales in the proportion that excessive wage rates create unemployment. Unemployment in this country is the gauge, or employment if you will, is the gauge by which we measure our prosperity. Sixty million of us, in round numbers, should be employed at all times. So say we. Should we sink—as probably at the present moment we find ourselves

to have sunk to 56 million—we view with alarm, Mr. Chairman, but the absorption of the margin is generally, and in so many cases, has been easily and naturally absorbed as to make that margin less than fearsome, and to provide natural, logical, normal methods by which the slack adjustment can be made—may I refer for sake of illustration to some of the economic principles and procedures with which we became very well acquainted in the period of the so-called New Deal.

Once in awhile someone still talks about the New Deal. I note that the present number one champion refers to it as the Fair Deal. Bless your heart, cast your eyes over the nations of the world, the 65 or 70 of us, and is there any one of them within which the programs and the achievements and the privileges of citizenship are so richly fair as in our own land? It is a miracle that the youngest of all the great nations of the world is now not only the mainstay of all the other nations in the world, but the only one that gives promise of giving back to its citizens in richness of life a reward for the confidence that they have reposed in it. I say the youngest of all the great nations of the world, for every other great nation in the world has basically changed the character of its constitution since we were born. Someone referred to it as the greatest instrument in modern history, and so far as it safeguards the privileges and the freedoms and the liberties of mankind, so surely it is. I say it is no accident, it is because the basic principles written into the Constitution of the United States, safeguarding your personal liberty, your business liberty, within the limits of fair play, become the heritage of the generation upon whose shoulders rests the responsibility of the continuity of our institutions of democracy.

Roosevelt—God rest his soul—followed Keynes, the young, fairly young, British economist, but Keynes followed Karl Marx, and when Karl Marx came over into England, visited other nations of Europe and saw how crudely men worked, how hard the women toiled, he came to the conclusion that capitalism was at fault. We have stepped far enough away from that, tottering upon the brink of the precipice attitude of the early days of the New Deal to see that Karl Marx was all wrong.

Now, sheer away from it, will you, ladies and gentlemen? Any ideas of emotion—you can't emote much about Karl Marx—he isn't of the emoting kind

—there is an element of a repellent, the repulsive in the doctrine which he preached, certainly in the way in which what he preached is practiced. His conclusion was wrong because he said, "Capital was at fault." It wasn't capital that was at fault; it was the lack of capital that was at fault. We drive a crooked stick through the soil until someone comes along with an idea. That stick might bear a steel point. If you dig deeply with the plow, with the draught broad and heavy, you must have something other than human skill. Someone came along with a little money and put an idea into a plow, and you can apply that to 20,000 ideas with which you are dealing every day. You are dealing with refrigerators and you no longer lug the butter down to the spring. You are dealing with washing machines and you no longer pull the water up out of the creek to be heated in an open fire in the backyard in a kettle, hanging from a crane, and wherever we have made progress, the credit has been not that capital has been abolished, but that inventive genius, and thank God we have had that in the United States of America, as we have had it in other nations—has found an idea and the capital has made the idea into a plow, a cotton gin, into a sewing machine, into a refrigerator, into a gas stove, into an electric light bulb and so on and so forth.

Now, it may be that it was in the misunderstanding of the economies that Keynes, our erstwhile leader made a mistake. We are interpreting, during the present day, that Keynes said that if you wish to bring prosperity, if you wish to bring production, if you wish to bring consumption to the highest point of experience, wages must go up. Now, Mr. Keynes never said that, but someone said he said it, but who are we, in days past, to say that isn't what he meant, and in Keynes' philosophy, wages have always been a relative item of consideration. But Northwestern's Dougherty—he is a member of the recent committee on the steel strike—has said it rightly. He said, "One man's wages is another man's costs," and I do not care too much whether it is A who receives the washing machine or B. I should prefer both would be able to buy that washing machine, but, if in order to have my hair cut, you charge me so much—and I must keep it reasonably well trimmed—that I can't buy a washing machine—and I am sure the barber can, is it preferable for him to have it? Of course, I say, "No." He won't agree with me. In other words, whenever wages go up, it costs somebody something. Wage rate increases raise employers' costs at once, and the result is

higher prices, but as you people know, it also reduces the demand. You can't have your cake and eat it too unless there is a little brother close by from whom you can steal and consume his along with your own, and that basic idea hasn't yet taken firmly enough hold of the American people.

Wage rate increase may or may not increase consumer spending. The owner of the increase might want to save it, and in many cases he does, so you do not see reflected immediately in the economy or in the transfer of goods, the manufacture and transfer of goods, the result of that increase. The chances are some folk in this tremendous country choose to do something else with that increase. Now, don't misunderstand me, some organizations may see in that wage increase an opportunity to increase its dues, and so in that case the increase disappears. It cannot be predicted that wage rate increase would raise or lower production or employment and you and I have lived long enough to see the trial and to suspect its error.

Indeed, wage rate increase might leave the whole economic situation unchanged, and I think there have been many instances of that.

So with others far better able to speak to this conclusion, being in the very midst of the struggle—for it is a struggle—it is a struggle among ideas, not necessarily between ideas, because there are so many pumped into the pool that we must assemble them, correlate them and make up our own philosophy, but together with many who have come to this conclusion, this speaker believes that at the present time and for the most part, it is better not to monkey any longer with the general level of wage rates. What is wanted now is stability. I call your attention to the fact that in the last ten years and less, wage rates have ranged from 66 to 138 and if the mathematics of my kindergarten days still hold true, twice 66 is 132, so the increase has been more than doubled and thank God for that. Production, I am

sure, has been stimulated, a general feeling of welfare and, indeed, a general experience of high-level living—high-level living has been ours and that is fine.

The tendency, the trend, however, towards a continuation of the process, will, in my humble opinion, undo us of some of the advantages which heretofore have been ours. This is at the moment the most challenging incident, if you please, in our daily political and social life.

I like to hear ex-President Hoover quoted—not only because I like him so well personally, but with the years his mellowed and considered judgment, as expressed in his public utterances, have given us great hope. They make towards stability and this is a matter which you must consider. If America is to be run by the people, it is the people who must think. This isn't to be settled by a Dougherty commission; this isn't to be settled by a half a dozen men in Washington, some of whom are criers of despair, and in order to think, this people's government—and it is the people's government yet, thank God—must learn how to think. In other words, they must be educated. Here is where I come in. What does a school teacher have to do, and particularly a college president have to do with economics? If you can show me any position in which he has to save harder and save more assiduously and pray with greater boldness and camp with greater persistency upon the doorstep of his neighbor, I don't know where it is. You came along; you came along and helped us out. How generously you helped us out. You did it. Here is the first lesson in thinking. I was about to say as I listened to this most able and inspiring address, I just wondered when this association isn't going to march out on a campaign providing scholarships to college students. Let them borrow all the money they want of the loan association. They are the best risks you can have. They are not duds. This is just fun, for every semester we provide our students with loans, time and time again, to the extent of a quarter million dollars with no security and that is farther than, perhaps, than you will be asked to go—that is if I am one of your stockholders—and I could wrap all the deficits in repayment into the proverbial boy's spitball and throw it into the eye of a flea and it would never make it wink.

Those boys paid back those loans—those girls paid back their loans, too, because almost immediately they got positions as school teachers, and you had better believe they didn't like to owe anything.

You have engaged in the most mag-

(Continued on Page 11)



"I'd like a complete financial statement of the business, as of today. The boss's son proposed to me last night."

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Our Progress, Problems and Prospects

By RICHARD E. MEIER

Part II

The Functions of Our Association

In common with other businesses, we face a changed world today. Half the people in the United States live somewhere else than they did in 1940; one-third of the families are new since 1940. Wages have doubled, production has tripled, prices are high, dollars are cheap, and the whole movement of our society is faster. Yet in our business some of the old landmarks remain.

The ancient problems of "legislative prejudice" and "need for public understanding" are still with us, even surviving the cataclysmic changes which have taken place in the past twenty years.

1. We must be diligent and persistent in presenting our cause at the court of public opinion.

In this court there is neither formal nor permanent judge or jury. The rules of procedure are not clearly defined and change with each new concept or impression. The judgment is rendered by the mass verdict of the people of the whole community, and that judgment may mean life today and death tomorrow to this business. The verdict of the community upon the question, "What think ye of this business?" is rendered through conversations over the back fence, with the fellow worker at the next bench, at the club, (and I don't mean "country"), in the classroom, on the bowling alley, and often by a family council when a financial problem arises. You may not hear the answer, but you read it in your record of loans made and in your trend in outstandings. More significantly, the verdict is reflected in our legislative assemblies. Shall people be asked to decide a question so vital to our existence without the complete evidence before them? Shall we allow the ancient prejudices to foster wrong conclusions in unenlightened minds because we fail to turn on the lights of information about our splendid record of service?—Our National Association leadership is conscious of this challenge and is making progress, but each of us, as members, needs to do more in winning public confidence and good will.

For instance, let me name four common misconceptions that are expressed to me and that I have occasion to dispel no less than once every week in the year:

1. That our business is good—picks up—when, generally, business is bad.

2. Our business is economically too costly and wasteful because of the large per cent of charge-offs and losses.

3. Our chattel foreclosures are of an extent that they are a major contributing cause of economic and social distress.

4. Our net profit, per unit or over all, exceeds that of other types of business.

Now we here know that the proof to refute these misconceptions are public records at the State House in the published official reports of every regulated commonwealth. But do the people search out, read and know? Of course, they don't, and we can't expect them to. So the only other way of informing them is for us to tell them over and over again.

Tell them that our business is good when general business is good and, likewise, bad when things are tough! Tell them how phenomenally small actual charge-offs and losses are! Show them how infinitesimal the per cent of foreclosures is! Tell them and show them how small our margins and how comparable our net profits are! Then, tell them why our rates of charge are what they are—and, I have found that you will create a better understanding of the business—you will be believed—you will have made another friend.

2. We must assume our full share in and be more widely credited with promoting thrift, independence and solvency of the American family as the basic unit of a free society.

So much of the thinking that is expressed or gets into print is that instalment credit or financing is wastage and should be curtailed. The fact of the

matter is that instalment credit when properly used returns handsome profits to its users over and above its service costs. It turns spenders into savers by committing them to setting aside a definite portion of their income for a constructive purpose, and in its role of "catalytic agent" to mass production, assists in lowering unit costs for the mass consumers. Dr. Reavis Cox of the University of Pennsylvania in a survey over a period of years reached the conclusion that American families had saved over \$35 billions in the form of personal and home equipment at prewar prices. They have been buying durable goods and automobiles at the rate of more than \$25 billions per year since the war. Without instalment credit, they would not have been able or willing to do that. The increase in ownership holdings as these spenders have been changed into savers has been enormous—may now amount to \$55 or \$60 billions. Earnings have been devoted to a useful purpose, net worth has increased, solvency has been strengthened. As a by-product of this dynamic thrift, our mass production economy has been provided an outlet and stabilized.

3. We must improve and broaden our financial service to the borrower.

There is a tradition in this business of self-circumscribed standardization. While progress has been made and some obsolete procedures and limitations have disappeared, there is vast room for improvement. We owe an obligation to the public to attain our maximum in efficiency and in improved over-all service to borrowers. Moreover, we operate in a competitive field and our own future is at stake.

As pioneers in the field of consumer credit, the small loan operator enjoys a highly personalized relationship with his customer, based on an intimate knowledge of the customer's financial affairs and personal problems. It would seem that such knowledge would inevitably contribute to the operator's ability to furnish a broad scale, comprehensive, intelligent financial service to the customer's advantage and benefit. It is the opinion of many leaders in the field that most present small loan acts are out-moded and require considerable revision in the best interests alike of borrower, lender and general public.



In 1910 and before, there were literally no agencies whatever to which anyone might apply for either cash or other consumer credit in small sums with any justified hope for being able to do business upon a legitimate and self-respecting basis. The framers of the "small loan" acts were overpowered by the magnitude of the "loan shark problem" and though they saw that "prohibition" represented no solution, their ideas as to the type of regulation which might be necessary in order to safeguard the public were highly colored by "prohibition" philosophy. To a great extent they failed to visualize the future development of the legitimate business as it could, and necessarily would have to be, operated by legitimate business organizations whose prime basis of success must necessarily be public acceptance and good will, especially the good will of the borrower.

Human nature being what it is, proceeding from the above background, the tendency with the years has not been to streamline laws and procedures in progress with the actual factual development of the business; instead it has been to build up year after year a mountain of restrictions and regulations which now have an effect exactly contrary to the spirit of the small loan acts themselves, which is, to enable the public to obtain the best and most efficient consumer credit service at the least cost consistent with fair profit to private competitive enterprise.

4. We must develop management which is more fully conscious of the obligations of leadership in an evolving society.

Change is the one great, irresistible force. You can slow it down; you can speed it up, but you cannot stop it. Orderly change is called "evolution"; disorderly, high-speed change is called "revolution." If the flowing waters of change are dammed too long, the ever-rising pressures find a weak spot and burst through to break the dam and carry woe and destruction before them. This is revolution—ruthless and destructive—and the greatest victim of its destruction is likely to be Human Rights.

Whenever management has failed to recognize its responsibilities to others, an aroused public has disciplined and regulated it with laws, commissions and bureaus, as witness the Sherman Act, the Taft-Hartley Act and dozens of others. The responsibilities of management are inherent and co-extensive with the powers of management. We are responsible to stockholders for their assets and a commensurate return; to employees for steady employment at consistent wages and in good working conditions; to borrowers and suppliers

for honorable and friendly business dealings; to consumers for low costs, and to the community for being a good citizen. Business management is responsible to all people! The decisions and actions of management have a far-reaching effect upon human welfare. By failure to police itself, business has brought down upon its head, laws, regulations and agencies. If we would be wise, we will use more of our complaining time and energy to see how much we are at fault; whether our own shortcomings and blindness are the door-stops holding open the door for power-mad demagogues. When vacuums are created, government bureaus move in.

Business management has the responsibility to operate business in such a manner that it will serve the best long-range interests of the public at large. If it fails, the public may, as history shows, grasp the first or most plausible change at hand without regard to whether that change is progressive or retrogressive.

I believe that a welter of ill-conceived so-called social reforms can wreck our economy. I believe in the American economic and social system, in freedom of opportunity, in decentralization and a minimum of Federal power—I believe on these rest the foundation stones of the edifice we know as the dignity of the individual. We have to make them work and we must have an awakened business leadership to first, zealously maintain these principles and then to make them universally known and understood. Public relations is first a way of life and then a shining, worthy example to all people. As Bruce Barton said, "No major industry has the moral right to allow itself to be unexplained, misunderstood or publicly distrusted; for by its own unpopularity it poisons the pond in which we all must fish." American dynamic business enterprise is the only barrier that stands between a free economy and communistic or socialistic chaos. The chips are down and we are faced with a war of ideologies. Team play is essential and the hope for our system lies in raising up an intelligent management leadership for our business and for the rest of the economic structure. Our Association must do its full share in developing such leadership.

Meeting the Challenge

We do not imply by this restatement of Association purposes that we have not been active in these areas for many years. A review of some of our achievements is in order. Let's "look at the record":

1. Our Public Relations Program. During the last five years we have made a splendid start in the development of a far-reaching program to

create a better understanding and acceptance of our business. You have seen its progress as the "Public Relations in Action" series for employee training brought to our administrative and branch operating staffs a new concept of their relationships to the business, to the public and to the community. Stockholders are now much better informed through improved annual reports and the inserts with their dividend checks. The true story of installment credit is infiltrating through school systems. Teachers and students alike are learning the facts via the Consumer Education Series of the National Education Association, in which we have a part. Economists and active faculty members in colleges and universities, as they have been made aware of the nature and functions of our business, consistently accord it worthy and commendable. Our moving picture, *Every Seventh Family*, is expected to have the undivided attention of more than ten million people during its projected distribution period. Its potential is enormous. Our state associations are becoming better organized and more effective every year in their efforts to reach the public through every medium available. They are also pointing the way to further progress by affiliating the related interests of consumer credit, of which our national body presently represents a segment.

All over the country our story is going out, but a public relations job is never done and it is vitally important to our future.

2. Improvements in the Uniform Small Loan Law. Members of this Association cooperated in the creation of the first draft of the so-called Russell Sage Foundation Law and followed through on a consultation basis in all seven drafts of the Uniform Law as long as the Foundation was active in the field of consumer credit studies. Since then we have prepared the new Model Consumer Finance Law as a service to the industry and to the public. I have suggested to you here today that this latest draft is too limited in scope, in outlook and in its possibilities for best serving the consumer credit public.

3. Higher Plane of Operating Practice. Years ago the leadership in this business recognized that laws and statutes prescribed boundaries or minimums as marginal guides to circumscribe the field of good social and business conduct. The usual and habitual conduct of our operations, however, must be far above those minimums and must be calculated, not to escape penalties, but to serve adequately the public for whose welfare our special privileges have been conferred upon us. The adoption of our Code of Ethics and our

Standards of Business Conduct signified an acceptance of this principle years ago. The ethical plane of our operation shows an increasing awareness of the ideals fostered by the Association. It is a fine example of voluntary acceptance of its obligations by management leadership in our segment of the free enterprise system.

The Unfinished Task

There are unfinished tasks that lie ahead of us. Seventeen states and the District of Columbia do not afford the borrowing public the protection of the Uniform Small Loan Law or its equivalent. In some of those states partial relief is afforded by laws which we consider inadequate, but in most of them there is no protection at all. I am well aware of the considered policy of this Association against any lobbying activities, and I support the policy. However, unregulated and irresponsible lending activities anywhere in the country stand as an invading army on the borders of the regulated states ready to destroy both us and the consumer borrower's bargaining power. We shall never achieve our goal until we do such a good operating job in the regulated states and tell our story so widely and so effectively that public reaction itself will bring borrower protection laws and legal operators to every state in the Union.

Other problems that the thoughtful leadership are currently wrestling with include the fading one of "Convenience and Necessity," the lively one of loan life insurance, and the one here previously discussed in detail, that of expanding the scope of our operations upon the present framework into other phases, "departments" of consumer credit. Related to the latter is the issue of loan ceilings. We all recognize that with ascending prices and the descending value of the dollar the traditional \$300 limitation where still imposed has lost us that upper segment of the lending market it was originally designed to include. In some places, such as New York, New Jersey, Illinois, Michigan and California, a higher limit has, in part, placed us in technical position to re-attract and to regain, if possible, transactions that in the past "paid the freight." But this approach is too restricted and inadequate; the need to study and to act in the light of our customers' present requirements and our parallel opportunities is urgent. Those states that have companion laws for making larger loans and that are not restricted by the "no other business" provision approach one solution, though somewhat cumbersome.

Conclusion

In summary, my appeal is for a more

challenging and dynamic executive leadership, improved and enlightened personnel programs and policies, and greater appreciation of the borrower's viewpoint and of his consumer credit requirements.

It has been an absorbing task to attempt a factual presentation of our business as a national institution, operating under state laws and serving such a large segment of the American homes. I have been pleased to recount that our business has attained an all-time high in volume and in service rendered to the public, and this in the face of the best organized, most determined and widespread competition from other lending institutions than has heretofore confronted us.

Our business is stable because of the ever-present need for financial service, because of the inherent quality of our consumer paper and the proven record of performance. Our credit standing is good and a market for our equity securities seems available. These factors lend a strong note of optimism for the future. I have considered it my duty, at the same time, to point out our problems, our deficiencies and our opportunities. While the record is impressive and satisfying, it is not complete—nor ever can be.

As an Association we must press our cause at the court of public opinion, promote the welfare of the American family, improve and expand our financial service to borrowers, and develop superior management leadership. While we appreciate the splendid progress that has been made, we challenge the industry to more effective effort toward the accomplishment of the great unfinished tasks remaining before us. Let us not emulate the farmer who, though during his lifetime sustained himself well, did so by depletion of the soil and of the resources he inherited, to return the land exhausted and corroded for the succeeding generations to starve on.

Everything that is worth having has

its price, and the heritage of liberty and private enterprise handed down to us by our forefathers cannot be preserved without further investments of time, talents, and money any more than an inheritance can be maintained unless it is invested and ventured. The greatest conditional sales contract ever written in the world is the Constitution of the United States and the Bill of Rights. If it is to be preserved, it can never be entirely paid up. Each generation will have to pay the instalment then due. This payment consists of hard work, intelligent and informed action. Those who, either by natural endowment or initiative, are reaping the greatest benefits from our American inheritance are charged with the larger responsibilities of maintaining the American way of life.

Let us all help to keep America free and its people prosperous—first, by aiding in the dissemination of the economic verities and the social advantages of American business and American institutions; and, second, by precept and example, measuring up to our full personal responsibility by contributions of our time, our talents, and our money to the preservation of this land and its institutions that are at once the hope and the envy of all other peoples.

The great question so far as public opinion is concerned is not what it wants, but what it ought to want. The pollsters cannot make this discovery. They maintain that those who are skeptical of their findings think "The People Is a Great Beast." The truth is that the Copper Wares of the pollsters seek to turn the people into a beast that is asked to roar when it is not ready to do so. But when there is clearness on what public opinion ought to want, it usually wants it.—LINDSAY ROGERS, *The Pollsters*. (Knopf)



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Personalities



Dominic J. Sesto

Dominic J. Sesto, assistant manager of the Model Finance Company, Chicago Heights, Illinois, is very active in civic affairs in the Chicago area. He was recently elected commander of Post No. 1060 of the Catholic War Veterans, Chicago Heights. He is a member of the Executive Council of the Central Catholic High School Building Fund and at a recent public rally and meeting of this organization Mr. Sesto was the personal escort of His Eminence Samuel Cardinal Stritch, Archbishop of Chicago, and handled the details of his visit to Chicago Heights. He is also parish chairman and the representative of the San Rocco Church for the same fund which will complete the largest Catholic High School in the Chicago area.

Mr. Sesto is also an officer in the Junior Chamber of Commerce.

He was born in Chicago Heights on March 17, 1926, and attended the Mount Carmel grade school. He graduated from Bloom Township High School in Chicago Heights and Bryant and Stratton College in Chicago. He is majoring in accounting.

Mr. Sesto served in the Armed Forces for a period of 23 months, thirteen of which he served in the CBI Theatre as a non-commissioned officer in charge of transmitter installation. He is single and speaks his native Italian fluently.

He has been with the Model Finance Company for less than a year but he shows promise for a great future for himself and as an asset to the consumer finance field. The authority and honor vested in him by the various organizations of which he is a member are a fine compliment to his youthful stability.



Twenty Years Ago in the News

Industrial Lenders News, December 1929

National Officers, 1929-1930:

President, Albert P. Snite; Vice President, T. M. Kaufman; Executive Vice President, W. Frank Persons; Treasurer, T. J. Harrison; Secretary, G. W. Kehr

The long and distinguished service rendered to the American Industrial Lenders Association by George W. Kehr is about to cease. He has so decided. We must regretfully accept his resignation as Secretary, which he has presented to become effective on December 31, 1929.

George Kehr has served us well and without thought of self. We honor him for his services and his high personal character. This is the earnest thought of all who have worked with him, these many years.

—Albert P. Snite, President.

Edgar F. Fowler, who has joined the staff of the Association and who, after January 1, 1930, will serve as its Secretary, brings to the organization a fund of experience gathered from a career of widespread activities and interesting achievements.



The essence of the Uniform Small Loan Law from the economic standpoint is that it recognizes that the vast majority of the nation's population—the 86 per cent representing nearly 100,000,000 people unable to meet the usual banking requirements for credit—are people of character though of modest means and merit loans in small amounts for useful purposes, and the law therefore provides definite rates of charge and adequate safeguards for the legal conduct of the business, all under state supervision. The judicious extension of credit to these people is one of the chief pillars of the credit structure of the nation itself, for it is the active purchasing power that is translated into the daily purchase of goods and services which stimulates trade and commerce and contributes to the prosperity of the nation.

One half billion dollars of credit in small amounts ranging from \$10 to \$300 is being extended annually by licensed lenders operating under the Uniform Small Loan Law as sponsored by the Russell Sage Foundation or similar laws. Twenty-four states of the country now have the Uniform Small Loan Law or a law similar thereto. According to the latest available figures a total of 2,636 licensed companies are engaged in the business.

—Excerpts from a reprint from *Commerce and Finance*.



Business of Household Finance Corp. is not likely to be influenced in either direction by the decline in stock prices, said L. C. Harbison, president.

"We know from 50 years' experience on the part of this company, and I know from 30 years' experience in it, that the stock market crash will neither increase the number of small loans nor cause them to decrease," said Mr. Harbison. "Eighty-five per cent of the people will not be visibly affected in any way."

—Wall Street Journal, 11-21-29.

Current Trends in Our Economy

(Continued from Page 5)

nificent experiment in loaning this country has ever seen, and that is your G. I. Bill. Who is paying those scholarships—not Mr. Truman—he would have gone over the hill long, long ago. It wasn't Congress—if you take the resources of all them and put it together, they never could have gone farther than the first month. You did it. Of course, somebody voiced your determination to do it, but you went down into your pockets and did it. These are your scholarships, your students, scattered from Coast to Coast and now, scattered throughout the institutions of higher learning all over the world, for many of them have gone abroad on your support.

How many scholars have you in colleges and universities this year? "Not guilty, oh, no, I am so busy scratching to collect loans that are out that I can't think of sending anyone to college. My own child worries me enough." You have literally hundreds of scholars, and the thought behind that is that you went down into your own pocket and paid it, for nearly three-fourths of all the taxes of this country which are expended at the present time, 74 per cent, to be exact, is being paid for past wars, and this is a part of it, and also preparing for future wars. "Oh, if I could only have that 74 cents out of every dollar; can't we get that past war debt paid?" All of this is another point in our economy—and I must hurry—all of this leads me to say that it takes too much machinery to do it and just now there is proposed over and over and over again a multiplication of machinery in order to do the business of the government. We want the government to do a little less business and not any more. How much does it cost the individual to perpetuate the machinery of government? There is one governmental employee to each eight of the working population, so that seven of us work like the old nick in order to send one man into a government position. It is all right if he does his job well and we need him. We just say, "Couldn't one in 14 do just as well?"

Present proposals would send the cost of sustaining the government we now have up to approximately \$3,000 per family. I can't even think about that one any more—and I must hurry. I think it is better just to jump up and down on two or three items and see if I can't start ourselves to thinking.

Let private industry, let our organization—oh, I don't mean cut out safeguards—I do not mean without that

kind of legislation which would make it safe for me to borrow from you.

How glad I am to become acquainted with this group. Loans throughout my whole experience have been something up my alley and I have exhausted most of the financial institutions that are glad to see me come.

Leave the plans—job planning—out of government and put it into the hands of the people who know the business of job planning. Give back to industry that which industry can handle better than anybody else can handle.

The economy of the United States of America is no longer only the economy of the United States of America, gentlemen, but it is the economy of the world, and I have never lived through a situation of that sort before. I lived through three wars—yes, four and the aftermath of that many wars—I don't know very much about the first one, but I have known about the aftermath of the others and I have never seen that situation arise, in order to preserve ourselves and our institutions, our nation and our democracy, we have to become the keeper of the whole world. That is something to think about, and thinking about it, I am sure you will see that it is honest, that it is honorable, that it is right, that it has to be just that way and that nothing we can do within the limits of upright manhood and womanhood will free us from the burden. We will have to leave it at that—the economy of the United States has become the economy of the world and you will have to take it with just a dash of good feeling. I don't care how much you scowl, it is true. I don't

care how much you pout, it is true. I don't care how much you growl, it is true. You might just as well like it.

I remember what we used to say with the sulphur and molasses—smile while you take it and it doesn't taste too bad, so you might as well smile at this one. Get it down into your hearts that nothing is just cold turkey. I often quote this little bit of philosophy, because there is so much of it in such a little space.

It was written by Edna St. Vincent Millay.

"The world stands out on either side,
No wider than the heart is wide,
Above the world has stretched the sky,
No higher than the soul is high.

"The heart can push the sea and land
Farther away on either hand,
The soul can split the sky in two,
And let the face of God shine through.

"But East and West will pinch the heart,
That cannot keep them pushed apart.
And he whose soul is flat—the sky,
Will cave in on him, bye and bye."

FOR

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A Glance at What They Are Doing



Left to right: John W. Bowyer, Jr., Robert C. Hamilton, J. Dwight Peterson

The Indiana Association of Installment Credit Companies, Inc., to further studies in municipal credit and securities, has given a Business Research Grant of \$1,850 to the Foundation's Business Research Fund, established on the campus of Indiana University last year as a special division of the work of the Foundation.

The grant went to John W. Bowyer, BS'42, MS'43, of Peru, a teaching fellow in the Department of Finance last year, who will use the grant to complete his DCS degree, doctor of commercial science. Selected because of his outstanding scholarship, Bowyer will prepare a study of municipal credit and securities and will travel to various sections of the country in making the study which is expected to be of value to financiers and municipal officers.

The Indiana University foundation directors set up the research fund to provide an orderly system for the support of business research activities in recognition of the growing need for research in the major fields of business administration.

The presentation of the Research Fellowship grant by the Indiana Association of Installment Credit Companies, Inc., is pictured above.

The first Business-Industry-Education Day to be held in Pennsylvania, so far as we know, is being planned for Reading this fall or winter.

The B-I-E Day is a scheme developed by Dr. Carl M. Horn, Director, Continuing Education Service, Michigan State College, for bringing the people of business, industry and education together for a day of getting acquainted, and for

a study of the problems and objectives of all. The idea has spread like wild-fire through Michigan and is catching hold in other states.

The experiment in Reading will be watched with keen interest. The Reading Chamber of Commerce is spearheading the movement. Mr. D. R. Hinkle, Public Finance Service, Inc., Berks County Chairman for the Pennsylvania Consumer Finance Association's community relations district plan, is right on the job to watch for developments and keep the association office advised. He has been assured by Mr. Roger Jewett, secretary of the Chamber of Commerce, that representatives of the consumer finance offices will be welcome to sit in on the planning.

Ernst A. Dauer, director of consumer credit studies, Household Finance Corporation, addressed the Association of Canadian Small Loan Companies at their recent annual meeting on the subject, "The Miracle of North America." In connection with Dr. Dauer's trip to Canada, the director of public relations for Household's Canadian Corporation arranged for addresses before university faculty members and other selected opinion forming groups in the cities of Toronto, Ottawa, Montreal, Kingston, London, Hamilton and before the senior students at MacMaster University at Hamilton, Ontario.

The unsolicited testimonial represented by the letter quoted below was received by the auditor of a member company. The customer of an office in the east now lives in Tucson, Arizona, and because of its distance from the office, a verification notice was sent and this is the reply received along with the return of the verification statement properly signed:

"My very Dear Sir:

"This co. has been most appreciated all through the year and the office staff are of the finest and so helpful and consider the customer. You never feel up-set in asking for a loan.

"Sincere to his company and appreciative of its clients—the corner stone of helping us to have and enjoy some of the little things of life. To the small wage earner, it is true we have interest, some each month, but we have always paid for everything, and I suppose our world wheels would stop turning if we didn't loan, spend and enjoy our nation's gifts and your company has been a great effective part in these Blessings.

"Thank you again."

(Signed)

The Pennsylvania Consumer Finance Association has maintained for a number of years a standing reward offer of \$500 for the arrest and conviction of individuals or composite groups of individuals who rob member loan offices. We were happy to fulfill that promise in two instances recently.

On the 22nd of last July three thugs, Walter Fisher, William Dahl and Joseph Davis, held up and robbed the Kensington, Philadelphia, branch of Interstate Loan Company. Within ninety minutes after the event Detective Joseph Guinan, Sergeant George Doenlen, Sergeant David Gorman, Patrolman Clayton Belcher and Patrolman Thomas Murphy had the stick-up artists in hand. The three have since been convicted of that particular crime, hence the reward of \$500 went to the five officers who brought them to account.

A few minutes before 6:00 P.M. on August 29, 1949, a couple of gunmen stuck up and robbed the Upper Darby branch of Seaboard Finance Company. About one-half hour later two alert police officers—Patrolman William Gillespie and Patrolman Andrew Kelly of the Upper Darby force—apprehended the two ex-convicts preparing for their next job. These yeggs, who gave their names as Joseph M. Caldon and Melvin J. Skipper, have been convicted and sentenced. That made Patrolmen Gillespie and Kelly eligible for the award and we were glad to have them present to receive their checks.

The association does not regard its offer as an advance inducement for greater alertness and swifter action on the part of the police force. Good law enforcement officers do not need such encouragement to do their duty. No finer examples could be required as proof of that statement than the two we met to recognize. We presented these awards in special recognition of the great risk of life and limb to which these men in blue are subject in line of duty.

Left to right: Patrolman Belcher, Sergeant Goodman, Patrolman Murphy, Sergeant Doenlen, Detective Guinan, Harold Buck, T. N. Burke



CONSUMER FINANCE NEWS

State Association Activities

Illinois

The 32nd Annual Meeting of the Illinois Consumer Finance Association was held at the Edgewater Beach Hotel, Chicago, on October 25 and 26, 1949, and was considered to be the best and had the highest attendance of any meeting held thus far.

There was an attendance of some 250 members at the various sessions and at the luncheon, and those who participated in the program did an outstanding job.

The Board of Directors met on October 25 and the chairman of the Board, Thomas D. Griffin, presided. All the directors attended and all directors were re-elected. In addition, two new directors were elected to the Board. They are Richard R. Tyson, president of the State Loan Company, East St. Louis, and R. C. Oxenham, president of Erd Finance Corporation, Chicago.

The next morning after a warm welcome by President John T. Monahan who presided, C. V. Wiese, employment supervisor, Household Finance Corporation, spoke on "Selection of Personnel and Operating Efficiency." His talk was not only interesting and informative, but was filled with many worthwhile and helpful suggestions for employers in selecting proper personnel and the development of efficiency in operations.

The second speaker at the morning session was Joseph E. Newton of Newton, Wilhelm and Kenny, attorneys for Local Loan Company, whose subject was "Promises and Fulfillment of Chapter XIII of the Bankruptcy Act." Mr. Newton reviewed the history of the Bankruptcy Act and of the developments which led to the enactment of the new Bankruptcy Law in 1938 and to the Chapter XIII provisions in it, which was fathered by Congressman Chandler of Tennessee as the result of experiences of Referee in Bankruptcy, Nesbit of Alabama. He pointed out the failure of Chapter XIII to fulfill its need and suggested the establishment of some independent agency within the industry to handle prorating for borrowers who are in need of such a service. Mr. Newton's talk as always was interesting and helpful.

The third and last speaker at the morning session was D. W. Zahn, supervisor of Liberty Loan Corporation, who spoke on "Efficiency and the Use of Up To Date Forms." Mr. Zahn told of the experiences of his company in the use of modern forms which saves much time and locomotion on the part of personnel in writing up the necessary papers in connection with the making of a loan.

At 12 o'clock noon a reception was

held for the guests who were invited to attend the luncheon. The luncheon followed in the South Terrace. The invocation was pronounced by the Reverend David Emerson Todd, Pastor, Edgebrook Community Church, and the Toastmaster was Byrd E. Henderson, president of Household Finance Corporation, who introduced those at the speakers table and the members of the Supervisor's staff who were seated at a special table in front of the speakers table. I. Lehr Brisbin, president of the National Consumer Finance Association, graced the speakers table and paid a compliment to the association.

The luncheon speaker was Joseph E. Knight, Supervisor, Division of Small Loans of the Illinois Department of Insurance, who told the members of his attendance at the Supervisors' Conference in Los Angeles, in September, and of his address before that group on "Experience in Illinois Under The \$500 Ceiling." He reviewed the history of the small loan law in Illinois and cited facts and figures to sustain his findings that the Illinois Legislature was justified in increasing the ceiling on small loans from \$300 to \$500.

The conclusion of Mr. Knight's talk was devoted to an eloquent discussion of the principles of our government and of the need for soundness in the administration of public offices. The members of the Illinois Association were genuinely interested in Mr. Knight's inspiring talk and showed that interest by a rousing burst of applause at its conclusion.

President Monahan called the business meeting to order at 3 P.M. Secretary A. P. Snite offered 16 new applications for membership in the association and they were elected members bringing the total membership to 435. The treasurer, John A. Breen, reported all bills paid.

Thomas D. Griffin, chairman of the Board of Directors, told of the president's signing the new Wage-Hour Bill which goes into effect on January 24, 1950, the principal feature of which is a minimum wage of 75¢ per hour. Mr. Griffin further reported that the Board of Directors had authorized the purchase of prints of the industry movies *Every Seventh Family* and *Who Gets The Credit*.

James H. Cronin, executive vice president and general counsel, in his report covered many subjects of interest and of importance to the industry.

Following the reports of the officers the election of the Board of Directors took place, who in turn elected the officers. B. Haddon Davenport was elected president; R. C. Oxenham was elected

vice president; Albert P. Snite was re-elected secretary; and John A. Breen was re-elected treasurer. James H. Cronin, Chicago, was reappointed executive vice president and general counsel.

In recognition of his two years of tireless effort as president of the association, John T. Monahan was presented with a beautiful clock and pen set on an onyx base by Thomas D. Griffin, chairman of the Board of Directors. Mr. Monahan thanked him and the officers as well as the members of the association for the beautiful remembrance.

The industry movie *Who Gets The Credit*, which is the ten minute sound film shown in theatres throughout the country, was shown.

Kentucky

The annual fall meeting of the Kentucky Consumer Finance Association was held at the Brown Hotel, in Louisville, on November 1 and 2. Although the meeting is now a thing of the past it will go on record as one of the most outstanding in the history of the association, both in activities and attendance.

At a meeting on November 1, the Board of Directors adopted a revision to the Constitution and By-laws which changed the name of the association to Kentucky Consumer Finance Association. The Board meeting was followed by a membership and business meeting of member leaders from the entire state. The attendance was over one hundred eager listeners to Thomas D. Griffin's message, "Observations in the Field." As usual, Mr. Griffin made a very timely and interesting talk and warned of a movement in Washington to restore government control of consumer credit.

President Harry E. Clauter then gave his report for the year. Among the highlights of the association's activities were contributions both by the industry and the association, as follows: \$9150.00 to the Kentucky Constitutional Education Foundation; \$5290.00 toward the Construction of Our Lady of Peace Hospital; and two scholarships in Consumer Financing at the University of Kentucky. Under the able guidance of President Clauter the association now enjoys the largest membership in the history of the association, with every member eager and willing to take an active part.

Officers elected for the ensuing year were: Harry E. Clauter, Louisville, president; Charles Humphries, Paducah, vice president; Harry M. Hardesty, Louisville, secretary; and William F. Brown, Covington, treasurer. In addition to the above officers, the following constitute the Board of Directors: J. H. Pollak, J. B. Corbett, James Cronin, H. L. Haugan, Guy B. Love, Richard E. Meier, Ira W. Whaley, Earl A. Korb,

Garvice Kincaid and George Leach.

The meeting came to a very successful close the evening of November 2 with a dinner and dance for all members, their families and guests. This affair was honored by the presence of Lt. Governor Lawrence W. Wetherby; State Supervisor of Small Loans, Clay Curry; Director of Law, City of Louisville, Judge Gilbert Burnett; president of the Kentucky Chamber of Commerce, J. Stephen Watkins; and I. Lehr Brisbin, president of the National Consumer Finance Association, who was the principal speaker of the evening. Mr. Brisbin gave a most inspiring address and one that will be long remembered by the association. The attendance at the dinner and dance was well over 400 and it was most gratifying to see and hear the good fellowship expressed by everyone in attendance.

Minnesota

The eleventh annual meeting of the Minnesota Association of Small Loan Companies was held in Minneapolis, October 12, 1949, at the Nicollet Hotel. A well balanced program was presented, with business and pleasure combining to make it both informative and enjoyable for all those in attendance.



E. B. Delaney

Elected to the office of president of the association for the ensuing year was E. B. Delaney. Those who are familiar with Ed know that under his capable direction the interests of the association will be furthered through his active leadership. The other new elected officers include A. H. Werner, vice president, E. J. Scanlan, treasurer, and B. J. Rechiene, secretary.

Keynoting the afternoon meeting was DeWitt J. Paul, liaison officer, Beneficial Management Corporation. His message, timely and informative, left us all con-

scious of the fact that much in the way of good public relations work is yet to be done in order that a better understanding by the public of the industry be promoted.

Mr. Werner, chairman of the Public Relations Committee, reminded the gathering of the threat of government regulation of the small loan industry and exhorted the members to be on the alert at all times to counteract the influences proposing such controls.

The following were elected to the Board of Directors for the coming year: Messrs. O'Rourke, Scanlan, Werner, Fiterman, Shapiro, Redfield, Kriesel, Corbett, and Delaney.

Cocktail hour was enjoyed between 5:30 and 6:30 P.M., followed by a pleasant dinner.

After the meal, Mr. Delaney, president-elect, presided and in his remarks reminded the members of the importance of the functions of the association, encouraging all to contribute to its increasing importance. Following appropriate remarks by Mr. K. O. Sattre, Banking Commissioner, and Mr. H. J. Dower, the Small Loan Supervisor, the chair introduced the Reverend L. S. Sledz, whose address highlighted the evening. His words describing conditions in countries presently overshadowed by the iron curtain, drove home to each one in attendance the privilege which is ours to live in America.

New Hampshire

The New Hampshire Association of Small Loan Companies held its regular quarterly meeting at the Manchester

Country Club on September 13, 1949.

The meeting was called to order at 10:45 A.M. by President Lloyd Jones. Roll call was read and twelve members were present.

The secretary's report and the treasurer's report were read and accepted. Under old business, Mr. Paul Nelson gave a report on advertising policies, as discussed previously.

Mr. Strong, manager of the Rochester MAC Plan reported film, *Every Seventh Family*, would be shown by Rochester Kiwanis Club on October 27.

Mr. Jones wished members would bring in any suggestions for the improvement of the association meeting.

It was voted that the next meeting be held on January 11, 1950. Mr. Jones appointed the following committee for the next meeting: Mr. Garland, Mr. Nelson and Mr. Houghton, they to advise the secretary by December 1 where the meeting is to be held and what program to follow.

Meeting was adjourned at 12:00 noon, after which the members enjoyed a fine meal.

During the afternoon, several foursomes enjoyed golf on the club course.

New Jersey

A meeting distinguished by fine attendance, varied program and the adoption of a new Constitution, was held by the New Jersey Consumer Finance Association on October 20th at the Hotel Essex House in Newark.

Over 100 owners, managers and guests sat down to lunch and were treated to

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an after-dinner talk by Milton Bacon, homespun radio philosopher and teller of tales about America's cities and towns.



Milton Bacon

Mr. Bacon, former assistant general manager of Station WCBS, suggested that his listeners make curiosity one of the driving forces of their lives. "Socrates, Columbus, Abraham Lincoln and other characters of history became great because of their curiosity. The marks of an educated man are intellectual curiosity and a sense of humor." Cautioning American business men to learn how to relax, he compared the slower pace of previous centuries with our present mania for "being first even through a revolving door."

President John L. Mentz keynoted the afternoon meeting by reporting on the recent Los Angeles convention of the National Consumer Finance Association. He was followed by Hal G. Simms, of Employees Credit Corporation, who spoke on "New Business Through Recommendation." This address was warmly received, and the association plans to schedule more talks on specific operating methods for future meetings.

The membership unanimously approved the revised Constitution and By-Laws presented for its consideration. Under the terms of this Constitution, a new election of officers resulted as follows: president, John L. Mentz; vice president, Michael L. Ross; secretary, John P. Bramer and treasurer, Harry P. Gatter.

Virginia

The 31st annual meeting of the Virginia Association of Small Loan Companies was held in the John Marshall Hotel, Richmond, Virginia, October 21,

1949. The meeting was called to order by the president, H. C. Peterson.

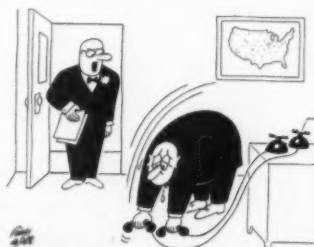
Reports of officers and committees were received.

Mr. Paul Williams reminded the president, as well as other members present, that at the spring meeting in Roanoke, it was voted to increase the membership of the Executive Committee at the annual meeting by amending Article VII, Section I of the Constitution. He therefore made the motion that we should amend Article VII, Section I, by changing, "The Executive Committee shall consist of eleven (11) persons" to "The Executive Committee shall consist of thirteen (13) persons." This amendment was duly seconded and unanimously voted upon.

The following officers were elected for the ensuing year: president, H. C. Peterson; vice president, John McDonald; secretary, D. J. Lund, and treasurer, X. A. Shermer. W. W. Parks was elected chairman of the Executive Committee.

President Peterson introduced Mr. Paul Selby, executive vice president of the National Consumer Finance Association, who responded with some timely remarks about the consumer finance business. He emphasized the unique record that had been established by this young business in its 35 years of existence. Between 9 and 10 million families out of some 44 million had been serviced during 1949. Mr. Selby pointed out that the highest class of academic circles are coming to look upon the consumer finance business as a source of research for their students. His statistics showed 3142 bookings of the film, *Every Seventh Family*, which has been shown in every state and the film, *Who Gets the Credit*, is booked for showing in 3656 theatres. He commended the Virginia Association for their fine spirit of cooperation and their success in obtaining as members the majority of the companies operating in Virginia.

Mr. Charles H. Watts, Chairman of the Board, Beneficial Management Corporation, spoke at the 31st Annual Banquet of the Virginia Association.



"Couldn't you deal with that wasteline at one of the local gyms, Bentley?"

COPYRIGHT 1949 CARTOONS OF THE WEEK

Testimonial by the Membership of the Michigan Consumer Finance Association to Dr. Robert W. Kelso on the occasion of his retirement as Director of the Graduate Institute of Social Work of the University of Michigan.

At the meeting of the membership of the Michigan Consumer Finance Association held on June 30, 1949, at which time your retirement as Director of the University of Michigan's Graduate Institute of Social Work was announced, it was noted with admiration and grateful appreciation that:

Yours has been a long career of untiring zeal and achievement in the field of bettering the conditions of mankind both as a social worker and as an educator.

You leave behind an outstanding record of nearly forty years of service which will serve as a continuing inspiration to those who will assume the duties which you performed with such conspicuous success.

As a keen observer and student of the social implications of the consumer finance business, your advice and sound judgment have been instrumental in developing the present character and standing of this business and have thereby created an enviable and lasting tribute to the quality of your leadership.

In further witness of our action at said meeting and in testimony of the great personal loss we feel in your withdrawal from active public service, our officers were directed to prepare and affix their names to this tribute so that it would serve as a public acknowledgment of your accomplishments, your unaffected and gracious friendliness and of the high regard in which you are held by us, in the consumer finance business, who have been privileged to know and work with you.

EARL F. GANSCHOW, *President*,
E. E. McDONALD, *Vice-President*,
R. S. TAGGARD, *Secretary*,
A. P. MCVICAR, *Treasurer*.

26 October 1949.

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A sequel to

THE MULTI-MILLION DOLLAR-ORPHAN THE DEFLATION OF THE ELATION OF 'BRINGING IN THE SHEAVES'.

The Place: PaducPeoria.

Characters: Eb, Davis in search of a
'Missing Lamb'

Earl Keyser of Common-
wealth Bringing in the
Sheaves.

Time: Mid Morning.

Eb has called Earl on the phone.

Eb, "Earl, did you ever find anyone
in Podunk to handle that account of
yours that you had located out there?
I've never had much luck with any of
the companies there?"

Earl, "Say! Let me tell you! Boy!
I've found one that is really on the ball!
'N fact just gotta check from them this
morning in full! Boy! Are they really
on the Ball!"

Eb, "That's good news to me because
I've got one down there that needs some
good close personal attention."

Earl, "Well here, I'll give you their
name and address. I've got their letter
and check right here on my desk. Here
it is, and let me tell you, you'll find them
right on the—Whoa! Why! Well, I'll
be. They didn't sign the check!"

To give real service you must add
something which cannot be bought or
measured with money, and that is
sincerity and integrity.—DONALD A.
ADAMS, *American Artist*.

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chain companies EVERY TIME they
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Distinctive
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Address of Welcome

(Continued from Page 4)

in which we get together and go through
the usual routines. This is the spear-
head of democracy, working in the
public. You are the people who are
the leaders of our profit system and
the doctrine of free enterprise. You
are the people who pay your taxes.
You are the people by which the free
enterprise system is judged and we
must say today that the verdict is good,
because you have contributed far more
than you have taken out of the thing,
and you will continue to do so. I feel
very sure of that. I speak in this ag-
gressive manner this morning, not out
of any hysteria, not out of any anxiety,
but we are living in periods of fast-
moving movements and we are living
in a time when we no longer have the
energy nor the patience to indulge in
political flim-flam or riding two horses
in different directions or trying to be
all things to all people. Those things,
we are not.

We state frankly that we favor and
believe in and will support the oppor-
tunity state, and we do not believe in
the doctrine where the lazy and the
worthless shall receive the same re-
wards as the thrifty and the energetic
and the industrious. We believe in
the doctrine of American aristocracy.
I know that you wouldn't be in the
business you are now engaged in unless
you fundamentally believed in these
principles.

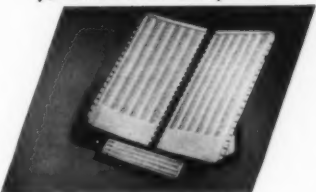
What is American aristocracy? Is it
a soft living, luxury loving, selfish,
indolent exploitation group? Not at all.
It is the men and women of the United
States who believe in aristocracy of
brains and character and achievement
and contributions to community welfare,
as opposed to the Old World idea
of "aristocrats of political intrigue," of
"inherited titles" or dictatorship in any
form. There is no choice. Those who
would oppose us and those who do
oppose us and criticize and scorn us
as businessmen do so out of frustration
and out of envy and out of fear and
they seek to discredit us and they seek
to make us appear in the eyes of the
general public as selfish profiteers, as
people seeking dollars from the un-
wary and the unfortunate. Nothing

could be further from the truth and
we wish to state the truth frankly and
freely, doing so with the feeling and
understanding that we represent an
industry and a profession of which we
are proud for the reasons which I have
indicated here this morning.

I wish I could describe to you the
wonders and the beauties and the mag-
nificent things that we Californians feel
for our state. You will forgive us if
we feel that pride, because we know
you have the same exact sentiments
with regard to your own common-
wealths. But we love California, and
next to your own state and your own
home, we hope you will adopt us.

In welcoming you to California, how-
ever, this morning, I do so with these
simple words: "Above us our towering
mountains, and beneath them the wide
sea, just our beloved California stretch-
ing down in the middle of the world."

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2088 Educational Institutions

97 colleges, 1599 high schools, 322 grade schools, 70 parochial schools.

163 Service Clubs

47 Rotary, 61 Kiwanis, 44 Lions, 8 Exchange, 3 other service clubs.

305 Churches

62 Methodist, 16 Presbyterian, 39 Lutheran, 16 Catholic, 41 Baptist, 11 Evangelical, 69 other churches, 43 YMCA or YWCA groups, 8 Salvation Army.

55 Hospitals

25 general, 30 veterans hospitals.

208 Fraternal and Club Groups

28 fraternal, 37 denominational, 30 women's clubs, 113 miscellaneous.

70 Veterans' Groups

32 American Legion, 14 Veterans of Foreign Wars, 24 other.

404 Civic Groups

19 chambers of commerce, 93 community groups, 256 outside business organizations, 34 PTA's, 2 credit unions.

21 Labor Groups

15 labor unions, 6 employee groups.

20 Youth Groups

3 4-H Clubs, 2 Boy Scout troops, 15 other youth groups.

395 Consumer Finance Groups

320 consumer finance companies, 37 state association meetings, 38 exchanges.

Grand total as of November 25, 1949: 3729 bookings.

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2%

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No Red Tape**

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COUPON
TODAY**

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83 Chapel St., Hartford 3, Conn.

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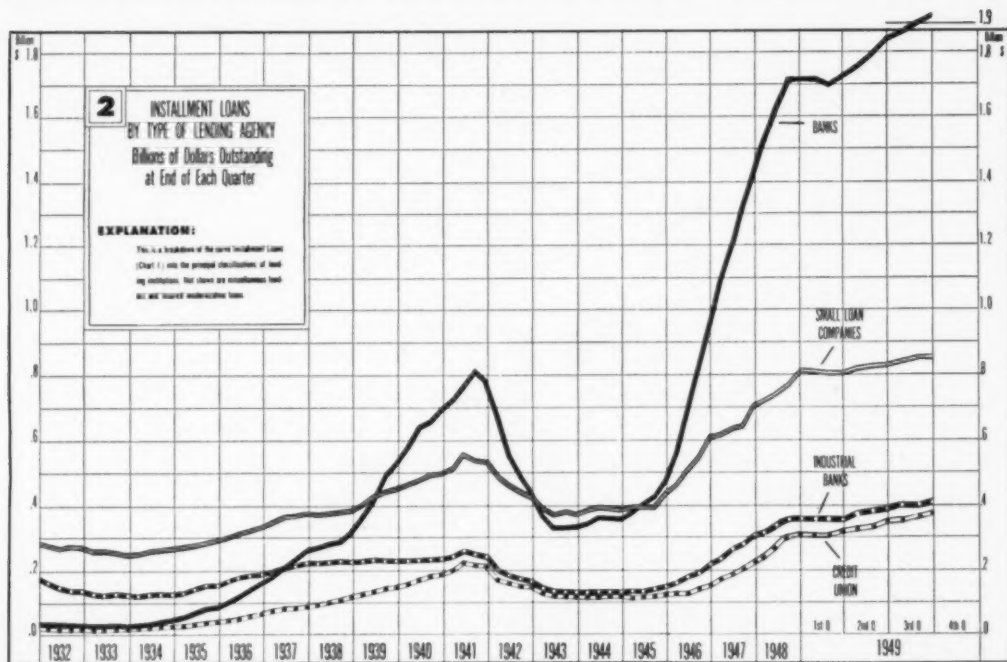
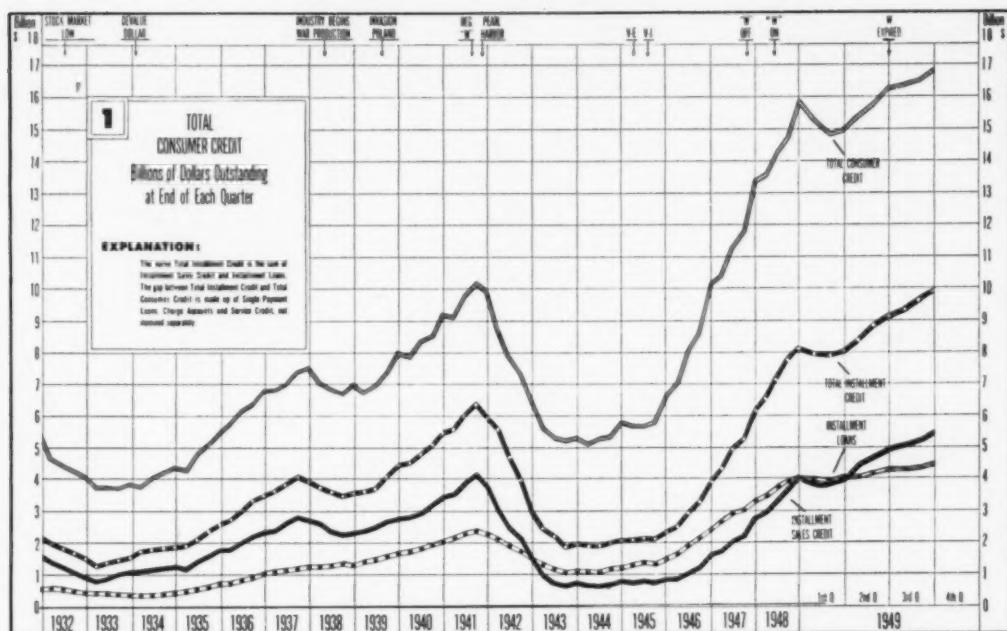
NAME

FIRM

STREET

CITY STATE

The Trends of Consumer Credit



Source of Data, Federal Reserve Board—Compiled by The Credit Life Insurance Co.

